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O R 300048Z JAN 88 ZEX
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL IMMEDIATE
INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
AMEMBASSY PARIS
CINCPAC HONOLULU
AMCONSUL BARCELONA
AMEMBASSY MOSCOW
USMISSION USUN NEW YORK
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E.O. 12356: DECL: OADR
TAGS: PINS, KS, US
SUBJECT: WEEKLY STATUS REPORT: KOREA-29 JANUARY 1988

MOSCOW/CLAPP, USUN/BUZACKI, BARCELONA/PARKER

TO: EAP - DR. SIGUR

FROM: EAP/K - JACK L. GOSNELL, ACTING

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1. (S) KA858: FOCUS OF ACTION, HERE AND IN SEOUL (JLG)

WE CONTINUE TO FOCUS MUCH EFFORT AND ATTENTION ON THE
KA-858 TRAGEDY. THE INITIAL STAGE --
INFORMATION-GATHERING, REACTION, AND BRIEFING -- IS NOW
VIRTUALLY COMPLETED. WE ARE MOVING AT SPEED TO FOCUS ON
WHERE WE NEED TO EMERGE FROM THIS AFFAIR AND ITS

UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: SAMUEL V SMITH
CLASSIFICATION: SECRET REASON: 25X6
DECLASSIFY AFTER: 30 JAN 2023
DATE/CASE ID: 12 AUG 2009 200807065

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IMPLICATIONS.

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2. (C) KA858: THE INTERNATIONAL ARENA (JLG)

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3. DPRK-U.S.: DO UNTO OTHERS AFTER THEY HAVE DONE UNTO YOU (JAM)

RESPONDING TO OUR OWN SANCTIONS AGAINST THE NORTH,
PYONGYANG THIS WEEK ANNOUNCED ITS OWN
"COUNTER-SANCTIONS." THEY PARALLEL OUR SUSPENSION OF
CONTACT GUIDANCE, DECLARE NO MORE VISAS FOR AMERICANS,
AND WARN OF NO FURTHER "NEGOTIATIONS" ON THE RETURN OF
REMAINS. (THERE NEVER HAVE BEEN BILATERAL NEGOTIATIONS

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4. (C) REMAINS REMAIN UNRESOLVED (JAM)

TWO WEEKS AGO, NORTH KOREA, IN A SURPRISING DEPARTURE

FROM PAST STATEMENTS, ADMITTED HAVING "RECENTLY
DISCOVERED" KOREAN WAR REMAINS; IT CALLED FOR A MAC
MEETING TO EFFECT THEIR RETURN. THE ISSUE QUICKLY
COMPLICATED AS CONGRESSMAN MCCLOSKEY EXPRESSED INTEREST
IN OBSERVING OR PARTICIPATING IN ANY RETURN CEREMONY.
THE GREAT CONTROVERSY

HAS

NOW FADED; THE NORTH CANCELLED THE MEETING AS PART OF ITS
REACTION TO OUR POST-858 STRICTURES AGAINST PYONGYANG.

5. (C) TEAM SPIRIT: GOING FORWARD WITH SPIRIT (JLG)

HAVING

BRIEFED THE SOVIETS AND CHINESE IN ADVANCE IN THEIR
CAPITALS, WE ANOUNCED TEAM SPIRIT TODAY SEOUL TIME.

6. (S) ROH AND THE NORTH: THE WEAK FEAR THE STRONG, THE
STRONG FEAR THE DESPERATE (JAM)

OF ALL THE VARIOUS SWORDS HANGING PRECIPITOUSLY ABOVE
PRESIDENT-ELECT ROH'S HEAD, NONE IS SHARPER THAN THE ONE
HANGING FROM THE NORTH. KA-858 IS A BITTER REMINDER --
IF ANOTHER WAS NEEDED -- THAT DEALING WITH THE DPRK IS A
FRUSTRATING, DANGEROUS BUSINESS, THAT THE PRAXIS OF
VIOLENCE IS DEEPLY EMBEDDED IN NORTHERN SOIL.

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7. (C) THE GIST ON GSP (VN)

WE WOKE UP JANUARY 29 TO A WASHINGTON POST SCOOP THAT THE PRESIDENT WOULD ANNOUNCE CONCURRENT GRADUATION OF ALL FOUR ASIAN NICS - HONG KONG, SINGAPORE, KOREA AND TAIWAN EFFECTIVE JANUARY 1989. ALTHOUGH THE RESULT OF THE GSP REVIEW WAS AS FAVORABLE AS WE COULD HAVE HOPED, OUR ELABORATE PLANS TO PREBRIEF THE KOREANS WENT OUT THE WINDOW WITH THE PRESS SPLASH. FORMAL PRESIDENTIAL ANNOUNCEMENT OF THE GRADUATION FOLLOWED A HASTY USTR BRIEFING OF THE AMBASSADORS ON JANUARY 29, AND OUR EARLY INDICATIONS ARE THAT THE KOREANS WERE NOT SURPRISED, ALTHOUGH MORE ADVANCED NOTICE WOULD HAVE BEEN APPRECIATED.

8. (U) TRADE FRICTIONS: BATTING 333 (TI)
(SEE PARAS 911 BELOW)

9. (C) INSURANCE: ESCAPING ROUTE 301 (TI)

CLAYTON YEUTTER HAS ACCEPTED IN PRINCIPLE THE ROKG'S ELEVENTH-HOUR COMPROMISE ON INSURANCE. UNDER THE COMPROMISE, ONLY THE TOP FIFTEEN CHAEBOLS WILL BE EXCLUDED AS JOINT VENTURE PARTNERS, WHILE CHAEBOLS 16 THROUGH 30 MAY PARTICIPATE AS MINORITY SHARE PARTNERS. AMBASSADOR KIM ALSO CONFIRMED THAT AETNA AND METROPOLITAN'S CHOSEN PARTNERS, DONGBU AND KOLON, BOTH RANK IN THE 16 TO 30 RANGE; THE ROKG WILL ACCEPT THEM AS
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MINORITY JOINT VENTURE PARTNERS. AS LONG AS THE ROKG ALSO HONORS ITS PREVIOUS TECHNICAL COMMITMENTS ON INSURANCE, AMERICAN INDUSTRY WILL ACCEPT THIS COMPROMISE,

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THEREBY FORESTALLING 301 ACTION.

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10. (C) TOBACCO ROAD: INTO THE DITCH (TI)

ON CIGARETTES, AMBASSADOR KIM'S FINAL OFFER WAS HARDLY A KING-SIZE; THE AMERICAN CIGARETTE INDUSTRY FORMALLY FILED ITS 301 PETITION ON JANUARY 22. WHILE THE ROKG OFFER DID ADDRESS THE ISSUE OF TAX PER PACK VERSUS RETAIL PRICE, THE PROPOSED TAX OF 395 WON ON FEBRUARY 1 AND 360 WON IN JULY REMAINS TOO HIGH. NOW THAT THE 301 HAS BEEN FILED, THE KOREANS MAY FIND THAT THE ANTE HAS GONE UP.

11. (C) BEEF: YES, VIRGINIA, THERE IS A BEEF... (TI)

THE KOREAN OFFER ON HIGH-QUALITY BEEF ALSO FELL AMONG THE SHORT RIBS. IT MADE NO COMMITMENTS TOWARD MARKET OPENING BEYOND TOURIST HOTELS AND RESTAURANTS. WE HAVE NOW INITIATED GATT ACTION UNDER ARTICLE XXIII:1 OF THE

CONVENTION. WE SHALL SEEK TO HOLD THE KOREANS TO THEIR TOKYOROUND COMMITMENT TO ALLOW BEEF IMPORTATION UNDER A 20-PERCENT TARIFF. THE AMERICAN BEEF INDUSTRY IS ALSO CONSIDERING FILING A CONCURRENT 301 PETITION.

12. (C) DOMESTIC POLITICS: LIKE DOMESTIC SQUABBLES, ALWAYS DIFFERENT, ALWAYS THE SAME (EWK)

THE NATIONAL ASSEMBLY WILL BE IN SESSION UNTIL FRIDAY: IT HAS MADE LITTLE PROGRESS ON REVISING THE ASSEMBLY ELECTION LAW, IN LARGE PART BECAUSE NEGOTIATIONS MUST GO
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THREE WAYS - THE GOVERNMENT (ITSELF A ROH/CHUN SPLIT) AND TWO OPPOSITION PARTIES.

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13. (C) HUMAN RIGHTS AND HUMAN WRONGS, ALSO REVISITED (EWK)

HUMAN RIGHTS RETURNS AS AN ISSUE. THE HEAD OF THE KOREAN NATIONAL POLICE AT THE TIME OF THE JANUARY 1987 PARK CHONG-CHOL TORTURE-DEATH HAS BEEN ARRESTED FOR COVERING UP AT THAT TIME.

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EMBASSY SEOUL BELIEVES THAT THE OPPOSITION WILL GET

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14. (S) ROH/CHUN: BUT WE WERE CLASSMATES ... (EWK)

THERE ARE RUMORS AFOOT OF ALLEGED CHUN-ROH DISPUTES.
THIS, TOO, SHALL PASS. WE SUSPECT THAT, IN TYPICAL
KOREAN STYLE, POWER AND PEOPLE ARE FLOWING TO ROH IN A
GREAT STREAM. THE TEMPORARY NOISE IS THAT FROM CHUN'S
BOAT HITTING BOTTOM AS HIS RIVER DRIES UP.

15. (S) INAUGURATION AND OTHER POMP AND CIRCUMSTANCE
(TJN)

WE HAVE (AT LONG LAST) SENT OUR FORMAL RECOMMENDATION TO
THE WHITE HOUSE FOR A PRESIDENTIAL DELEGATION TO ROH TAE
WOO'S FEBRUARY 25 INAUGURATION. THE WH SEEMS RECEPTIVE,
BUT WE HAVE NO NEW INFORMATION ON WHO MIGHT LEAD THE
DELEGATION. SENATORS MURKOWSKI AND GRAMM HAVE EXPRESSED
INTEREST IN GOING; WE EXPECT MANY MORE SUCH REQUESTS AS
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THE DATE APPROACHES. THE FOREIGN MINISTRY HAS PROVIDED

FURTHER DETAILS ON THE INAUGURATION: FAREWELL DINNER FOR
CHUN ON THE 24TH; ONLY ROH TO SPEAK AT THE CEREMONY;
RECEPTIONS, POSSIBLE BILATERAL MEETINGS FOR VISITING VIPS
ON THE 25TH; DINNER ON THE 25TH FOR KOREANS ONLY. (YOU
ALSO HAVE AMBASSADOR LILLEY'S MESSAGE TO YOU ON THIS
SUBJECT, URGING HIGHEST POSSIBLE REPRESENTATION - WE'RE
ALL ABOARD, BUT HAVE TO GET THAT MESSAGE TO THE OTHER
PEWS.) THE KOREAN PRESS HAS MENTIONED THAT JAPANESE
PRIME MINISTER TAKESHITA AND SECRETARY SHULTZ ARE LIKELY
TO ATTEND THE INAUGURATION; PERHAPS THE ROKG WANTS TO
TURN UP THE PRESSURE FOR CABINET-LEVEL U.S.
REPRESENTATION. WE'RE ALSO WORKING QUIETLY BUT
INDUSTRIOUSLY ON VARIOUS VIP VISITS THAT COULD TAKE PLACE
AFTER THE INAUGURATION.

16. (U) WHY THE ODD NAME AT THE TOP OF THIS REPORT? (JLG)

"-----"
HARRY LEFT YESTERDAY FOR NEW YORK, WHERE HE MEETS WITH
BOTH OUR U.N. MISSION AND THE GROUPS INTERESTED IN KOREAN
HUMAN RIGHTS. HE THEN WILL PARTICIPATE IN A SEMINAR
DISCUSSION, FEATURING AMBASSADOR KIM, AT THE U.S.-KOREA
SOCIETY. HE RETURNS ON SATURDAY.

17. MOSCOW MINIMIZE CONSIDERED. SHULTZ

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